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WAR FOOD ADMINISTRATION  
Food Distribution Administration  
Washington 25, D. C.

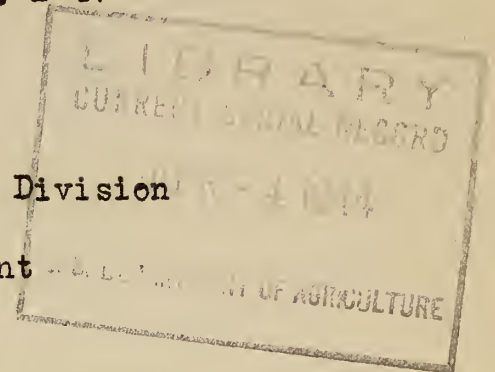
January 7, 1944

FINANCE AND ACCOUNTS DIVISION MEMORANDUM NO. B-47

To: Washington Finance and Accounts Division  
Chiefs, Regional Fiscal Divisions

From: Edward J. Kelly, Chief, Finance and Accounts Division

Subject: Ceiling Prices Which Include the Three Percent  
Transportation Tax.



Question has arisen in the review for payment of purchase program vouchers, where the applicable Office of Price Administration ceiling price formula includes a factor equivalent to the three percent transportation tax which would have been payable on the commodity by the vendor had it moved from the base ceiling price point to the point where purchased by the FSCC.

The authority of the Office of Price Administration to establish ceiling prices and to determine the particular factors or other data on which such prices are based should not be questioned in the review of vouchers for payment. The fact that the ceiling price in a particular case includes an amount equivalent to the three percent transportation tax does not mean that the vendor is being reimbursed, and is without regard to whether or not he actually paid such tax in connection with any movement of the commodity to the point where sold to the FSCC.

In this connection it should be borne in mind that the tax does not apply to amounts paid for the transportation of property to or from the Government. Up until the time of purchase by the Government, however, there was no knowledge that the ultimate purchaser would be the Government, and, obviously, no movement "to" the Government.

For the reasons stated above, no further suspensions of amounts equivalent to the three percent transportation tax should be made when such tax is a factor included in the applicable ceiling price.

*Edward J. Kelly*

